



**House
Legislative
Analysis
Section**

House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

**ALTERNATIVE ENERGY: SALES,
PROPERTY, USE TAX EXEMPTION**

House Bill 6074

Sponsor: Rep. Randy Richardville

House Bill 6075

Sponsor: Rep. Tom Meyer

House Bill 6076

Sponsor: Rep. LaMar Lemmons III

Committee: Energy and Technology

Complete to 5-13-02

A SUMMARY OF HOUSE BILL 6074 AS INTRODUCED 5-9-02

House Bill 6074 would amend the General Property Tax Act (MCL 211.9i) to exempt from the collection of taxes under the act certain personal property as long as the property was not subject to or exempt from the collection of taxes under the act before the bill's effective date. Specifically, the bill would exempt from property taxes all of the following: an alternative energy system, an alternative energy vehicle, all personal property of an alternative energy technology business, and the personal property of a business that was not an alternative energy technology business that was used solely for the purpose of researching, developing, or manufacturing an alternative energy technology. The exemption would only apply to taxes levied from January 1, 2003 to December 31, 2012.

House Bill 6075 would amend the General Sales Tax Act (MCL 205.54a) to allow a taxpayer to exclude from the gross proceeds used for the computation of the sales tax an alternative energy marine propulsion system, an alternative energy system, or an alternative energy vehicle. The exemption would only apply to sales at retail from January 1, 2003 to December 31, 2012 and would not apply if the system or vehicle had previously been subject to a lease or a retail sale. Also, a person could not exclude a retail sale of a "battery cell energy system", as defined in House Bill 6074 (see below).

House Bill 6076 would amend the Use Tax Act (MCL 205.94w) to exempt from use tax, for taxes levied from January 1, 2003 to December 1, 2012, the storage, use, or consumption of an alternative energy marine propulsion system, alternative energy system, or alternative energy vehicle if the system or vehicle had not previously been subject to a lease or a retail sale. The tax exemption would not apply to the storage, use, or consumption of a "battery cell energy system".

Definitions. House Bill 6074 contains several definitions of terms used in all three of the bills. The definitions of "alternative energy system", "alternative energy technology", and "battery cell energy system" are most important to understanding what would and would not be exempt from the taxes, as described above.

House Bills 6074-6076 (5-13-02)

“Alternative energy system” would mean the small-scale generation of power or heat from one or any combination of the following: a fuel cell energy system, a photovoltaic energy system, a solar-thermal energy system, a wind energy system, a CHP energy system, a microturbine energy system, a miniturbine energy system, a Stirling cycle energy system, a battery cell system, and a clean or renewable fuel energy system.

“Alternative energy technology” would mean equipment, component parts, materials, electronic devices, and related systems that are solely related to the following:

- the storage of hydrogen for use in an alternative energy system;
- the process of generating and putting into a usable form the power or heat generated by an alternative energy system;
- a microgrid—i.e., the lines, wires, and controls to connect two or more alternative energy systems.

The term would not include the component parts of an alternative energy system that are required regardless of the energy source.

“Battery cell energy system” would refer to one or more battery cells and an inverter or other power conditioning unit used to perform one or more of the following functions:

- propel a motor vehicle or an alternative energy marine propulsion system;
- provide electric power that was distributed within a dwelling or other structure; or
- provide electric power to operate a portable electronic device such as a laptop computer, a personal digital assistant, or a cell phone, as long as the system uses advanced battery cells—i.e., rechargeable cells with a specific energy of not less than 80 watt-hours per kilogram (WH/KG).

Analyst: J. Caver

■This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.